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USDOC FOR 532/OEA/MNICKSON-DORSEY /DMUSLU
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR WILLIAM ZARIT
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS
SINGAPORE FOR FCS

SIPDIS

E.O. 12958: N/A

TAGS: BMGT BEXP ETRD ETTC HK
SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION: SEISMIC CABLE
REPAIRS PTE LTD

REF: A) USDOC 01395 B) USDOC 01396

1. Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

¶2. As per Reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Regional Export Control Officer Philip Ankel (ECO) conducted a post shipment-verification (PSV) at Seismic Cable Repairs Pte. Ltd., Loyang Offshore Supply Base, Loyang Crescent Unit B19, Singapore (SCB). The items in question are depth limited hydrophones. The items referenced in Reftel A are valued at USD 27,000 and the items referenced in Reftel B are valued at approximately USD 103,000. The items are classified under Export Control Classification Number (ECCN) 6A991 and are controlled for anti-terrorism (AT) reasons. The exporter for the items in Reftel A was Hydroscience Technologies of Mineral Wells, Texas while the exporter for the items referenced in Reftel B was Teledyne Instruments of Houston, Texas.

¶3. According to the Singapore companies registry, SCB was registered in 1989 and its registered share capital is the Singapore dollar equivalent of approximately USD 100,000. Its directors are Singapore citizens Vincent De Silva, Leon Vashon De Silva, Shirlyn De Silva and Mrs. Vincent De Silva, Nee Doreen Tan Siam Choon. Shareholders are Mr. And Mrs. Vincent De Silva. The company does not have a web site.

¶4. On April 21, 2008, the ECO, accompanied by a representative of Singapore Customs visited the company and met with Mr. Leon Vashon de Silva, General Manager, Mr. Vincent De Silva, Managing Director and Mrs. De Silva. According to Vincent De Silva, the company was founded as a partnership between he and his wife in 1978. In 1991, the company was registered as a limited company in Singapore. It is a family business engaged in the repair of oil and gas exploration cables. Its clients are multinational seismic companies engaged in oil and gas exploration. Those customers include PGS Exploration, Scan Geophysical, CGG Veritas. In turn, those customers are engaged by the world's major oil companies for exploration activities worldwide.

¶5. The hydrophones that are the subject of the PSV are used on cables that are themselves used to obtain seismic data from the sea bottom. The new hydrophones are used to replace damaged hydrophones in cables brought to SCB for repair. Old hydrophones are destroyed and sold for scrap. SCB's customers do not tell SCB the location where the cables are being used, primarily for commercial competitive reasons. That is because those customers do not want competitors to know that one or more of their exploration boats is unable to work because of technical difficulties. However, Mr. Vincent De Silva stated that he is typically able to ascertain where the cables are being used because of some of the physical

characteristics of the cables. SCB's customers use various logistics companies to deliver and pick up the cable that is being repaired (typically in Singapore). Mr. Leon Vashon De Silva stressed that SCB does not resell any hydrophones as such but only purchases those items for use in cables that it repairs.

¶6. As to the particular items in question, Mr. Leon Vashon De Silva provided documentation reflecting that SCB had received the items referenced in Reftel B. These items had, in turn, been turned over to Scan Geophysical as part of repaired cable. Mr. Leon Vashon De Silva provided documentation reflecting receipt of the items in Reftel A and subsequent delivery to Dalmornefgeophysica (www.dmng.ru) as part of repaired cable. According to Mr. Leon Vashon De Silva, this company has two boats in the region conducting various oil and gas exploration projects. He noted that this company has switched to a French system and will likely no longer need replacement hydrophones from the United States.

¶7. Mr. Leon Vashon De Silva was very well versed in U.S. export controls on the applicable items. He was quite pleased to meet the ECO and discussed at length the company's troubles associated with a prior attempt to obtain more controlled (but apparently cheaper) hydrophones. That attempt was not successful as a result of a BIS license denial referenced in Reftels A and B. Mr. Leon Vashon De Silva attended a BIS seminar held in Singapore in 2005 and relayed the company's attempt to legally acquire other hydrophones. He stressed that the company does not sell the hydrophones except as a part of works contracts for seismic exploration services providers. He also stressed that his company does not do business with any of the sanctioned countries. He also stated that his company is not related to Seismic Singapore and that this company had gone out of business some time ago.

¶8. In addition, Mr. De Silva also pointed out to the ECO (during a tour of the facility) that Teledyne Instruments (the supplier in Reftel B) had itself opened a cable repair facility immediately adjacent to the SCB facility. He further stated that Teledyne had offered to acquire SCB but had been rebuffed (apparently on account of price). In effect, Teledyne is now both a supplier of hydrophones but also a direct competitor in the cable repair business.

¶9. At the time visited, SCB appeared to be a suitable recipient of the commodities shipped since SCB cooperated with the PSV, provided ECO with access to all appropriate documents and operates a line of business consistent with the use of the items. Also, SCB was informed of applicable export control rules (especially those relating to reexports to sanctioned countries) and indicated its intent to comply with them.